

## Message Text

CONFIDENTIAL

PAGE 01 PANAMA 01678 262141 Z

64

ACTION ARA-17

INFO OCT-01 ADP-00 BNDD-05 CIAE-00 INR-09 IO-12 JUSE-00

NSAE-00 RSC-01 SNM-02 SY-07 TRSE-00 USIA-12 NSC-10

SCI-06 OMB-01 H-02 SS-14 PA-03 PRS-01 AID-20 PM-09

RSR-01 /133 W

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R 262048 Z MAR 73

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 6993

INFO AMEMBASSY BUENOS AIRES

C O N F I D E N T I A L PANAMA 1678

E. O. 11652: GDS

TAGS: SNAR, PN

SUBJ: NARCOTICS: STEELE AND MURPHY REPORT

REF: STATE 052090

SUMMARY: REPORT NOTES SOLID EMBASSY ACHIEVEMENTS IN NARCOTICS CONTROL. CRITICISM OF EMBASSY NARCOTICS CONTROL EFFORT CONTAINED IN MURPHY- STEELE REPORT IS AT VARIANCE WITH MURPHY' S STATEMENT TO ME THAT EMBASSY EFFORTS WERE GOING WELL AND THAT HE HAD NO RECOMMENDATIONS FOR IMPROVEMENT. CRITICISM IN REGARD TO BICKERING AND BUREAUCRATIC JEALOUSIES, ESPECIALLY IN LIGHT OF STATE- MENT THAT CUSTOMS AND BNDD OFFICIALS WORK WELL TOGETHER, MAY RESULT FROM IMPRESSION CODEL RECEIVED DURING SESSION OF NARCOTICS CONTROL COMMITTEE DURING WHICH COORDINATING PROBLEMS BETWEEN CANAL ZONE GOVERNMENT AND USSOUTHCOM SURFACED. CODEL WAS APPARENTLY UNDER MISAPPREHENSION THAT I HAVE COORDINATING AUTHORITY OVER CZ ENTITIES AND SHOULD HAVE RECONCILED THEIR DIFFERENCES FOR THEM. LIMIT OF MY AUTHORITY IS, OF COURSE, ONLY TO EXCHANGE INFO WITH THEM TO FACILITATE SUCH EXCHANGE I RECEIVED IN FEBRUARY PRC AGREEMENT TO ESTABLISHMENT OF PRC SUBCOMMITTEE ON NARCOTICS. END SUMMARY.

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PAGE 02 PANAMA 01678 262141 Z

1. REPORT RECORDS SOLID EMBASSY ACHIEVEMENTS IN US- PANAMANIAN COOPERATION FOR NARCOTICS CONTROL AND IN STRENGTHENING GOP NARCOTICS CONTROL CAPABILITY. CRITICISM OF EFFECTIVENESS OF US EMBASSY NARCOTICS CONTS WILLINGNESS TO ACCEPT THE SAFEGUARD ACTION FOR ONE YEAR. NOW THAT THE ONE YEAR PERIOD HAS EXPIRED AND ARGENTINA IS STILL APPLYING THE 70 PERCENT TARIFF, THE BRAZILIAN ELECTRONICS INDUSTRY HAS RAISED THE ISSUE AND IS PRESSING THE GOB TO TAKE RETALIATORY ACTION.

2. CONVERSATIONS WITH FONOFF OFFICIALS INDICATE THE GOB IS IN A QUANDRY OVER WHAT TO DO ABOUT THIS PROBLEM. THEY BELIEVE ARGENTINA IS IN CLEAR VIOLATION OF LAFTA RULES BUT WOULD LIKE TO AVOID ACTIONS THAT COULD EXACERBATE THEIR ALREADY PRICKLY ECONOMIC RELATIONS WITH ARGENTINA. THE ECONOMIC IMPORTANCE TO BRAZIL OF THESE CONDENSER EXPORTS IS NOT GREAT - TOTAL SHIPMENTS SINCE THE CONCESSIONS WERE GRANTED AMOUNT TO ONLY \$520,000 AND THE COMPANIES DIRECTLY INVOLVED ( PHILIPS AND SIEMENS) ARE NOT DEPENDENT ON THIS BUSINESS. FONOFF OFFICIALS STILL HOPE AN AMICABLE SOLUTION CAN BE FOUND AND HAVE TOLD US THERE IS A POSSIBILITY THAT THE GOA MAY BE WILLING TO GIVE AN OPERATING SUBTBIDY TO THE ARGENTINE PRODUCER AND LOWER THE IMPORT TARIFF TO A LEVEL THAT PERMITS BRAZILIAN COMPANIES TO RE- ENTER THE MARKET.  
ROUNTREYD

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

## Message Attributes

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**TAGS:** SNAR, PN  
**To:** ARA  
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